

## Internet Access: Procedure for Claiming Refunds of Sales Tax

Sales &  
Use tax  
notice  
#04-09

House bill 3484 signed into law on May 18, 2004, established time deadlines for claiming refunds of sales and use tax collected by Internet service providers ("ISPs") on the sale of Internet access following the Tennessee Court of Appeals decision in *Prodigy Services Corporation, Inc. v. Ruth E. Johnson, Commissioner*. Please refer to Sales & Use Tax Notice #04-03 for a discussion of this decision and its effects on sales and use tax due on telecommunication services.

### **Consumers seeking a refund:**

Consumers seeking a refund must submit a written request to their ISP by July 17, 2004. Consumers may seek refunds extending back to December 1, 2000, through the present, but claims will only be valid for the periods that sales tax on Internet access charges was actually paid by the consumer. ISPs should be prepared to advise their customers regarding the time periods the ISP collected tax from their customers. Consumers are to check with their providers about what information to include in the request.

### **ISPs: How to Seek a Refund**

ISPs must file a refund claim by September 15, 2004, for sales tax paid on Internet access charges that have been refunded to consumers. Providers may seek refunds from the Tennessee Department of Revenue for sales taxes remitted with sales tax returns filed beginning January 2001 through the current year. The Department of Revenue will only make refunds of collected tax to those providers submitting claims within the 120-day time period proscribed by law. Claims for collected tax filed beyond the 120-day period will not be paid under any circumstances.

In order to claim a refund of tax collected on Internet access charges, ISPs are required to refund or issue a credit memo to customers for the sales tax collected and are required to include documentation to this effect along with their Claim for Refund. Documentation submitted in support of refund claims can be in the form of a schedule, which must include the information outlined below.

- Customers' names,
- Customers' addresses,
- Customers' account numbers,

- Customer service periods including beginning and ending service dates during the refund period,
- Customers' amount of sales tax paid on charges for Internet access per year (broken down by state and local tax),
- Dates of the refund checks or credit memos,
- Check numbers or credit memo numbers, and
- Total amount of the refund or credit actually received by each of the customers.

Providers will be asked by Revenue personnel to provide a randomly selected sample of copies of billing invoices and/or copies of refund checks or credit memos.

Providers should submit refund claims to:

Tennessee Department of Revenue  
Attn: Refund Unit of the Audit Division  
Andrew Jackson Building, 4<sup>th</sup> Floor  
500 Deaderick St.  
Nashville, TN 37242

The Department of Revenue will work with ISPs to shorten the period of time between the ISP's refund to the customer and the department's refund to the ISP. The ISP will be required to demonstrate a need for such assistance.

The refund procedure outlined in this Notice supersedes the refund procedure outlined in Notice #04-03.

If you have any questions about this notice, you may contact the Department. Tennessee residents outside the Nashville calling area may call our statewide toll-free number at (800) 342-1003. Callers from Nashville or out-of-state may dial (615) 253-0600. You can access additional information, including the [Claim for Credit or Refund of Sales or Use Tax form](#), on our Web site at [www.Tennessee.gov/revenue](http://www.Tennessee.gov/revenue).

Have questions or comments? Please let us know.  
[Contact us.](#) Publication Date: May 19, 2004